

understand from Doctor Hosford that the Health Department of San Francisco has taken steps to prohibit the sale of dinitrophenol to the laity. Similar measures of a more inclusive nature should be taken to restrict the sale of this drug in the State.

I have been informed of physicians who are still prescribing dinitrophenol. Of course, any physician who prescribes it from now on is inviting upon himself not only severe criticism, but medico-legal retribution as well.

Sincerely yours,

HAROLD F. WHALMAN, M. D.

Concerning thanks to Governor Frank F. Merriam
(March issue, page 146).

STATE OF CALIFORNIA
DEPARTMENT OF
PROFESSIONAL AND VOCATIONAL STANDARDS
SACRAMENTO

April 9, 1936.

Dr. George H. Kress
Los Angeles, California

Dear Doctor:

Thanks for your thoughtfulness in sending me the March copy of CALIFORNIA AND WESTERN MEDICINE. I personally showed the article to the Governor, who read it and asked me to express to you his appreciation.

With best wishes, I am

Fraternally yours,

WILLIAM G. BONELLI, *Director*.

Concerning California Medical Association cards sent out with membership cards.

Santa Ana, March 30, 1936.

To the Secretary:—Thanks for your new card for framing along with membership card. It is a capital idea!

I explain it to my patients this way: That there is a usual flat charge, depending on service given, but we give reductions from this for people whom we feel can't afford the regular fee. This disabuses their mind of the idea that we charge exorbitantly if we feel they have means.

Sincerely yours,

WILLIS P. BAKER.

201 East Seventh Street.

SPECIAL ARTICLES

GROUP HOSPITALIZATION ON A PERIODIC PAYMENT METHOD: ALAMEDA COUNTY PLAN*

The Committee on the Cost of Medical Care has determined very definitely that it is not the high cost of staying in the hospital that burdens, but the unevenness of sickness that causes a strain on society for hospital and medical care and creates most of the present financial health problems.

Plan Is Not New.—Hospitalization on a periodic payment plan is not new. We have in this vicinity some of the earliest plans started in the United States, namely, the French and German hospitals of San Francisco. In 1930 the Baylor University Hospital of Dallas, Texas, started an experiment to apply hospitalization to gainfully employed groups on a payroll deduction at actual cost of hospital care for respective groups. In 1932 the Superior California Hospital Association of Sacramento, California, enlarged upon this plan by including all hospitals of the

community and adjacent territory in such a plan. Today there are in operation in the large centers of population of the United States over seventy such organizations. The Association of Hospital Service of New York, in operation nine months, has 60,000 members with 174 hospitals participating.

The 1932 Mandate of the Alameda County Association.—In 1932 the Alameda County Medical Association gave a mandate to a committee to develop a plan for hospitalization on a periodic payment basis. This committee developed a plan in conjunction with the accredited hospitals. At a special meeting, held in August, 1933, the Alameda County Medical Association approved the plan submitted by the committee. Upon the advice of the committee's attorney, Mr. Hartley Peart, the launching of the plan was withheld until a definite ruling was obtained from the Insurance Commissioner, determining whether such a plan was insurance would come within the province of the insurance law. The Attorney-General's opinion of January, 1934, stated that the plan was insurance and that to operate such a plan it would be necessary to deposit \$25,000 to guarantee the performance of the contract.

Economic conditions at that time had not improved materially and it was not thought advisable to solicit funds to accumulate such an amount necessary to launch the work.

Assembly Bill 246: 1935 California Legislature.—The hospitals of Alameda County, in cooperation with other voluntary hospitals of the State of California, after much consideration prepared a bill which was introduced in the legislature in January, 1935. This bill was officially known as Assembly Bill 246, and provided for hospital care by nonprofit corporations to sell this service to the public under the jurisdiction of the Insurance Commissioner without posting the required deposit required by the Insurance Act of the State of California. After some difficulty, with amendment added, the bill was finally passed by both Assembly and Senate, signed by the Governor, and became a law on September 15, 1935.

However, after careful consideration and study, the committee has decided that it would be impossible to launch this plan under the limited provisions of Assembly Bill 246 because lay organizations and insurance companies will sell complete hospital service, offering competition which cannot be met.

Greater Advantages of a Mutual, Nonprofit Organization.—The Superior California Hospital Association of Sacramento, spoken of earlier, has now posted the required amount of money and has changed its type of organization to a mutual, nonprofit association coming under the jurisdiction of the Insurance Commissioner of this State. This organization has already attempted to enter this territory and has contacted the hospitals for care of their patients so that they might sell their policies in this community. The contract offered, in the opinion of your committee, is undesirable in many respects and, after further deliberation, they have reached this conclusion: The plan should be controlled by the Alameda County Medical Association and the accredited hospitals in this community.

What the Present Alameda County Plan Aims to Accomplish.—A plan so controlled will permit:

1. Free choice of doctor and will in no way disturb the present relationship between the doctor and the patient.
2. Free choice of hospital.
3. Conserve patient's resources for payment of doctor's bills.
4. Pay the hospital bill.
5. Hold off health insurance and state medicine.

In accordance with the provisions of the policy that your committee has drawn up, the corporation shall furnish its beneficiary members in time of illness, ailment or injury with twenty-one days' hospitalization, which shall include the following hospital service:

- (a) Board and room—ward accommodations.
- (b) General nursing.
- (c) Operating room.
- (d) Operating room service.

* The attention of members of the California Medical Association is called to this article, and particularly to the fact that a sufficient number of physicians in Alameda County have subscribed to a \$25,000 fund, which the laws of California demand shall be existent before insurance coverage can be sold.